

Message Text

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C O N F I D E N T I A L LISBON 4686

E.O. 11652: XGDS-4

TAGS: PINT, PO, OREP

SUBJECT: CODEL STUDDS: MARIO SOARES' COMMENTS ON
CURRENT POLITICAL SCENE

SUMMARY: SOARES TOLD CONGRESSMAN STUDDS HE HAD MADE AN
ANALYSIS OF THE SITUATION AND IS CONFIDENT HIS GOVERNMENT
CAN MAKE A GO OF IT. HE EXPECTS PPD AND CDS SUPPORT.
IF PS WINS LOCAL ELECTIONS IN DECEMBER, HIS GOVERNMENT
CAN LAST FOR THE DURATION OF THE ASSEMBLY. PS LOSS IN
MUNICIPAL ELECTIONS WOULD PROVOKE A NATIONAL CRISIS.
SOCIALISTS INTEND TO MOVE VIGOROUSLY TO CORRECT LAND
REFORM ABUSES. SEPARATIST TENDENCIES IN AZORES ARE
ON THE DECLINE, BUT SEPARATISM IN MADEIRA IS INCREASINGLY
TROUBLESOME. SOCIALISTS ARE PLEASED WITH PRESENT US
POLICY TOWARD PORTUGAL. END SUMMARY.

1. FORMATION OF GOVERNMENT: CONGRESSMAN STUDDS,
ACCOMPANIED BY AMBASSADOR, SPENT APPROXIMATELY 45
MINUTES ON JULY 12 WITH MARIO SOARES. SOARES SAID
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HE HAD SPENT A BUSY LAST FEW DAYS ON FORMATION OF

GOVERNMENT AND ELABORATION OF PROGRAM; HE HOPED RESULTS WOULD BE COMMENSURATE WITH EFFORT HE HAD PUT INTO IT. HE ANTICIPATED GOVERNMENT WOULD BE IN PLACE BY JULY 20 OR 22.

2. PROSPECTS FOR STABILITY: RESPONDING TO A QUESTION ABOUT HIS APPARENT OPTIMISM, SOARES SAID HE WAS AN OPTIMIST BOTH BY NATURE AND AS A RESULT OF CAREFUL ANALYSIS. THE POLITICAL-MILITARY SITUATION HAD STABILIZED, OFFERING THE NEW GOVERNMENT AN OPPORTUNITY TO ACT VIGOROUSLY TO RESOLVE PORTUGAL'S ECONOMIC PROBLEMS. IN ITS CONGRESS THIS WEEKEND THE CDS HAD MADE CLEAR IT WOULD GIVE TACTICAL SUPPORT TO SOCIALISTS. HE EXPECTED THE PPD TO TAKE A SIMILAR POSITION. IT WAS IMPORTANT TO NOTE THAT GOVERNMENT COULD BE DISMISSED IN ONLY ONE OF TWO WAYS: THE PRESIDENT COULD CALL FOR THE RESIGNATION OF THE PRIME MINISTER OR THE GOVERNMENT ITSELF COULD CALL FOR A VOTE OF CONFIDENCE. A VOTE OF CONFIDENCE COULD NOT BE INITIATED BY THE ASSEMBLY; THE INITIATIVE RESTED WITH THE GOVERNMENT.

3. UNDER THESE CONDITIONS SOARES FELT SOCIALISTS WOULD HAVE LITTLE TROUBLE GOVERNING UNTIL LOCAL ELECTIONS, WHICH SHOULD TAKE PLACE AROUND DECEMBER. IF SOCIALISTS LOST LOCAL ELECTIONS AS SOME PEOPLE ANTICIPATED, THERE WOULD BE A GOVERNMENTAL CRISIS. IF SOCIALISTS WON, AND SOARES THOUGHT THEY WOULD, PS GOVERNMENT COULD CONTINUE UNTIL THE END OF THE LEGISLATIVE SESSION.

4. IN RESPONSE TO A QUERY FROM CONGRESSMAN STUDDS, SOARES DESCRIBED THE FAILINGS OF THE PRESENT LAND REFORM POLICY. HE UNDERScoreD THE ILLEGAL OCCUPATIONS BY PCP-CONTROLLED UNIONS AND GROWING FARM WORKER DISSATISFACTION. THE PCP-DOMINATED AGRARIAN REFORM INSTITUTE WAS, IN EFFECT, DIVERTING GOVERNMENT MONEY TO PCP PARTY COFFERS. SOCIALISTS INTEND TO TAKE STRONG MEASURES TO BREAK PCP GRIP ON AGRICULTURAL REFORM INSTITUTIONS. COMPENSATION HAD TO BE PAID TO LANDOWNERS AND TRUE WORKERS COOPERATIVES HAD TO BE ORGANIZED THROUGHOUT THE ALENTEJO.

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5. UNION STRATEGY: SOARES DECRIED CURRENT TENDENCY TO EXAGGERATE PCP STRENGTH IN UNIONS. IT WAS TRUE COMMUNISTS PRESENTLY CONTROL SOME 90 UNIONS COMPARED TO 30 FOR SOCIALISTS. COMMUNISTS CONTROLLED KEY UNIONS SUCH AS METAL WORKERS AND CONSTRUCTION WORKERS, BUT SOCIALISTS HAD OFFICE WORKERS AND BANK WORKERS. IN ADDITION THERE WERE SOME 300 UNIONS THAT HAD NO FIXED

LEADERSHIP. SOCIALISTS THOUGHT THAT WITH TIME THEY COULD UNDERCUT COMMUNIST SUPPORT IN UNIONS AND TAKE OVER INTERSINDICAL. BUT A FREE VOTE NOW FOR INTERSINDICAL WOULD RESULT IN A COMMUNIST VICTORY. TO GAIN THIS TIME THE SOCIALIST STRATEGY WAS TO POSTPONE UNION CONGRESS PRESENTLY BEING CONTEMPLATED FOR OCTOBER TO NEXT FEBRUARY OR MARCH.

6. AZORES AND MADEIRA: IN A BRIEF DISCUSSION ON THE AZORES AND MADEIRA, SOARES CLAIMED THE INDEPENDENCE MOVEMENT IN THE AZORES WAS ON THE DECLINE. MADEIRA, HOWEVER, WAS BECOMING A MORE DIFFICULT PROBLEM. THERE, THE INDEPENDENCE FORCES WERE STILL STRONG. HE INTENDED TO TALK TO SA CARNEIRO SINCE SOME PPD FOLLOWERS IN MADEIRA WERE ALSO SUPPORTERS OF THE INDEPENDENCE MOVEMENT.

7. US POLICY: SOARES EXPRESSED SATISFACTION WITH US POLICY TOWARD PORTUGAL, NOTING THAT OUR AID PROGRAMS HAVE BEEN OF SUBSTANTIAL ASSISTANCE. HE CITED MASSIVE TURNOUT AT THIS YEAR'S 4TH OF JULY RECEPTION IN CONTRAST TO LAST YEAR'S TURNOUT AS EVIDENCE OF GREATLY IMPROVED RELATIONS.

8. COMMENT: SOARES' POINT ABOUT THE GOVERNMENT HOLDING THE INITIATIVE IN INTRODUCING VOTES OF CONFIDENCE IS WELL TAKEN. SOARES, HOWEVER, FAILED TO MENTION THAT THE ASSEMBLY CAN ALSO VOTE MOTIONS OF CENSURE AGAINST THE GOVERNMENT. APPROVAL OF TWO CENSURE MOTIONS IN THE SAME 30 DAYS BY AN ABSOLUTE MAJORITY OF THE ASSEMBLY MEMBERSHIP REQUIRES DISSOLUTION OF THE GOVERNMENT. CENSURE MOTIONS CAN BE INTRODUCED BY PETITION OF ONE-FOURTH OF THE ASSEMBLY MEMBERSHIP OR BY AN PARLIAMENTARY GROUP. FAILURE OF A CENSURE MOTION, HOWEVER, PREVENTS THOSE
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INTRODUCING IT FROM PRESENTING A SECOND MOTION DURING THE SAME LEGISLATIVE SESSION.
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